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**CENTRAL INTELLIGENCE GROUP**  
**INTELLIGENCE REPORT**

COUNTRY Germany (Russian Zone)

DATE:

INFO.

SUBJECT Conference on the Powers of the Central  
Administration for Foreign and Interzonal TradeDIST. ~~XX~~ September 1947

PAGES 2

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ORIGIN

SUPPLEMENT

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1. At the request of the SMA (General Rudenko, General Olesnowicz, Colonel Michin, Colonel Tulpanov) all Minister-Presidents of the Russian Zone were called to Berlin for a conference beginning on 18 July 1947. The following points were on the agenda:
  - a. Formation of a German Central Administration for Foreign and Interzonal Trade;
  - b. Examination of the attitude of the provincial governments to this body and the effect this new formation would have on the work of the various governments.
2. All Lander and provinces were represented, except Saxony, which sent no representative to the conference. The reason given by Saxony for not attending the conference was that, since no representative had taken part in the preliminary discussions it was considered that the action of Berlin in calling this conference was a violation of Saxony's interests. The Government of Saxony notified General Dombrowski, chief of the SMA in Dresden, of its action and obtained his support.
3. This action on the part of the Government of Saxony infuriated the representatives of the German Central Administrations and the SMA. Ministerialdirektor Haupt in Dresden was considered responsible for the failure of a Saxon representative to attend, and his arrest was ordered by the SMA. The President of Saxony was ordered to attend.
4. The conference began at 11:00 on 18 July with the introduction of Josef Orlopp as President of the new Central Administration for Foreign and Interzonal Trade. From the opening speeches, it was made clear that the new Central Administration had priority over all the other Central Administrations. Only the Wirtschaftskommission (Economic Commission) takes precedence, and it will meet only once a month. The Economic Commission has in effect only an illusory value since it consists of one representative from each Land and province, i.e. five votes, compared with seven votes from the Central Administrations, seven Presidents of which have votes. All Central Administration presidents are to be represented at a later date, which means that the Administrations will have fourteen votes. There is also one representative of the SED Party Headquarters, Herr Wolf, and one representative from Rudenko's staff.
5. The Ministers complained that the statutes of the new Central Administration turned the various Lander into a "cow which Berlin would perpetually milk but never feed." The representatives from Saxony-Anhalt and Thuringia made

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Class. CHANGED TO: TS S (C)

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Date: 19 APR 1978

OCT 1 1947

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particularly strong protests. Two representatives from Weimar, who dared state that this would mean that Thuringia would be blood white, were asked by a Russian officer to leave the conference room; they did not return. This successfully put an end to all protests on the part of the Lander.

6. Orlopp, Leuscher, head of the Economic Commission, Handke and Colonel Michin then had a private conference in which the so-called Exportbonus was discussed. 50X1-HUM  
~~Comment:~~ It was decided that this bonus should be explained to the Lander representatives. 50X1-HUM

7. All the Ministers looked favorably on this device, except for the representative from Thuringia, who insisted on the right to export freely, without having to consult the new Central Administration and without being placed under the control of the SMA and the Economic Commission. Ministerial-direktor Biedermann was the main pillar of the Thuringian resistance and had the support of the Thuringian Minister-President.
8. Since the proposals had to be carried unanimously, it was decided to adjourn the conference until 26 or 28 July. In the meantime attempts were to be made to exclude Herr Biedermann from future meetings. The Minister-President of Thuringia is considered to be a tool in the hands of Pleck and it was hoped that he would be won around to the Exportbonus idea.
9. In his concluding speech, Orlopp stated that his instructions were to make the new Administration an instrument to break the British and American hold on the export market of Europe, even if dumping and under-cutting had to be resorted to.

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